

CHALLENGE FOUNDATION ACADEMY

2012-2013 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	2.1-1: The school demonstrates satisfactory performance in all areas identified: Enrollment Variance, Current Ratio, Days Cash on Hand and Debt Default 2.1-2: The school demonstrates satisfactory performance in all areas identified: 3 Year Aggregate Net Income, Debt to Asset Ratio, and Debt Service Coverage Ratio 2.1-3: The school does not present concerns in the financial audit or financial reporting requirements

2.1-1-2012-13 Performance: **Exceeds Standard**

Indicator	Ratio	Measures	Rating	2012-13	2012-13
2.1 Short Term Health	Enrollment Variance Ratio	Enrollment Ratio equals or exceeds 99%	Meets Standard	103%	Exceed
		Enrollment Ratio is between 90% - 98%	Approaching Standard		
		Enrollment Ratio is less than or equal to 89%	Does Not Meet Standard		
	Current Ratio	Current Ratio equals or exceeds 1.1	Meets Standard	17.54	
		Current Ratio is between 1.0 - 1.1	Approaching Standard		
		Current Ratio is less than or equal to 1.0	Does Not Meet Standard		
	Days Cash On Hand	Days cash on hand equals or exceeds 45	Meets Standard	155	
		Days cash on hand is between 30-45 days	Approaching Standard		
		Days cash on hand is less than or equal to 30 days	Does Not Meet Standard		
	Debt Default Evidence	Not in default or delinquent	Meets Standard	Meets	
Default or delinquent		Does Not Meet Standard			

Challenge Foundation Academy **exceeded** standard for core question 2.1-1 for the 2012-13 school year. The school exceeded its enrollment target based on data from the September 2012 count day and as such met standard for that sub-indicator. The school had significantly more

current assets than current liabilities (those due in the next 12 months), and as a result met standard for this sub-indicator. Challenge Foundation Academy ended the year with 155 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2013, the school would have been able to operate for 155 more days. As a result, the school met standard for this indicator. Finally, the school successfully met its debt obligations based on the information that Sikich, the school's auditor, provided. Its vendors did not communicate anything to the contrary. Since the school met standard for every sub-indicator in core question 2.1-1, it exceeded standard for the overall indicator.

2012-13 2.1-2 Performance: Exceeds Standard

2.2 Long Term Health	3 Year Aggregate Net Income	Aggregate 3 year Net Income is positive and most recent year is positive	<i>Meets Standard</i>	<u>NA</u>	Exceed
		Aggregate 3 year Net Income is positive and most recent year is negative	<i>Approaching Standard</i>		
	Net Income	Aggregate 3 year Net Income is negative	<i>Does Not Meet Standard</i>	\$723,620.00	
	Debt to Asset	Debt to asset ratio is less than or equal to 0.9	<i>Meets Standard</i>	0.04	
		Debt to asset ratio is between 0.9 - 0.95	<i>Approaching Standard</i>		
		Debt to asset ratio equals or exceeds 0.95	<i>Does Not Meet Standard</i>		
	Debt Service Coverage (DSC) Ratio	DSC ratio equals or exceeds 1.15	<i>Meets Standard</i>	<u>NA</u>	
		DSC ratio is between 1.05- 1.15	<i>Approaching Standard</i>		

The school **exceeded** standard for core question 2.1-2. The school met standard for net income in that it generated a positive net income for 2012-13. It is important to note that \$95,571 of the net income was a non-cash gain that resulted from the Common School Loan forgiveness. Note 3 (pages 11 and 12) in the audit explains the legislative changes that led to this gain. The school also met standard on the debt to asset ratio because the school has managed its debt accumulation well relative to its assets and has more assets than debt. Given that the school had no long-term liabilities, it was not necessary to calculate the debt service coverage ratio. Since the school met standard for every sub-indicator in core question 2.1-2, it exceeded standard for this core question.

2.1-3-2012-13 Performance: **Meets Standard**

2.3 Reporting Requirements	Annual Independent Accrual Based Audit	Receives a clean audit opinion	Meets Standard	Meets	Meets
		Receives a clean audit opinion with a few significant deficiencies noted but no material weaknesses	Approaching Standard		
		Receives an audit with multiple significant deficiencies, material weakness or is a going concern	Does Not Meet Standard		
	Financial Reporting Requirements	Satisfies all financial reporting requirements	Meets Standard	Meets	
		Fails to satisfy financial reporting requirements	Does Not Meet Standard		

The school **met** standard for core question 2.1-3. The school met standard for its annual accrual based audit because it received a clean audit report with no significant deficiencies or material weaknesses. The school met standard for all of its reporting requirements throughout the school year and the school's auditors issued their report on December 16, 2013.

2.2. Are the school's student enrollment, attendance, and retention rates strong?	
STANDARD	The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.

2012-13 Performance: **Exceeds Standard**

CFA exceeded its enrollment target for 2012-13. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2012-13	468	482	N/A

Source: Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2012-13 attendance rate for CFA is greater than the state and county.

	CFA	MC	IN
2012-13 Attendance rate	96%	95.7%	95.8%

No targets have been established for student retention rates for CFA.

Based on the 2012-13 performance, CFA **exceeded** the Mayor's Office standard for this indicator because they were fully enrolled and had an attendance rate greater than that of the state and county.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	The board's membership collectively contributes a broad skill set and fair representation of the community; board members are knowledgeable about the school; roles and responsibilities of the board are clearly delineated; board meetings reflect thoughtful discussion and progress in the consideration of issues; overall, the board provides consistent and competent stewardship of the school.

2012-13 Performance: Meets Standard

The Challenge Foundation Academy Board was active, knowledgeable, and engaged. The roles and responsibilities of the board were clear, and each member understood his or her role. The board members represented a broad skill set, a fair representation of the community, and was competent in its oversight of Challenge Foundation Academy. The board was diverse in gender, ethnicity, and professional background with members having experience in higher education, facilities, and finance. In addition, there is community representation on the board which affords the school the opportunity to take into consideration the needs of the community as part of their oversight.

Dr. Rose Mays, who was the board chair until April, had a clear understanding of the mission of the school, engaged in a decision making process that reflected a desire to act in the best interest of students and staff, and had been chair of the board for quite some time. Dr. Mays' successor, Charles Garcia, officially assumed the role of chair in June and was equally as knowledgeable as he has been an active member of the board.

TeamCFA was represented on the Challenge Foundation Academy Board by two members and had a clear understanding of the importance of an effective governance structure and process. Though all parties had a shared understanding of the mission and vision of Challenge Foundation Academy, they were challenged at times in ensuring that the local board members and the TeamCFA representatives were aligned when it came to the future direction of school. Nonetheless, all board members exhibited a desire to work together and continued to communicate in a manner that demonstrates the desire to make decisions that were in the best interest of the school.

The board consistently reached a quorum, members were prepared for the meeting, and there was thoughtful discussion. The board held the school leader, Kelly Herron, accountable for performance and operational goals of the school. The school leader was required to present an overview of the month to the board at each meeting and members actively used the time to ask granular questions. The school leader shared critical information with the board and was

responsive to constructive feedback from members. The board also conducted an annual performance evaluation of the school leader. Accordingly for the 2012-13 school year, Challenge Foundation Academy **met standard** on this Mayor's Performance Framework indicator.

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.

2012-13 Performance: Exceeds Standard

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2012-13, 93% of Challenge Foundation Academy parents reported overall satisfaction with the school. Based on this data, the school **exceeded** the Mayor's Office standard for performance for this indicator in the 2012-13 academic year.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	The school's leadership has sufficient academic and/or business expertise; has been sufficiently stable over time; has clearly defined roles and responsibilities among leaders and between leaders and the board; actively engages in a process of continuous improvement which has led to some mid-course corrections.

2012-13 Performance: Meets Standard

The administration and leadership at Challenge Foundation Academy demonstrated academic and business expertise and the leadership team has been relatively stable over time. Roles and responsibilities among leaders and administrators were clearly defined. The Principal, Kelly Herron, provided competent and stable leadership while continuing to develop areas that were a priority of the former Principal. The former Principal, Charlie Schlegel, who assumed the role of New School Development Director in anticipation of CFA replicating, continued to be an outstanding leader and worked extremely well with the Principal. The New School Development Director continued to serve as a mentor for the Principal and provided the critical support necessary for a successful transition. The Director of School Culture and Business Manager were also key members of the administrative team and worked well with the Principal.

The school leadership was effective in creating, promoting, and meeting school goals while proactively sharing results with the board. The collaborative relationship between the New School Development Director and the Principal was instrumental in the ability of Challenge Foundation Academy to maintain high expectations of staff and students. The leadership team was also cognizant of the importance of supporting staff members and engaging the families of the students served. The Principal also displayed the ability to engage in a process of continuous improvement with support from the staff and the board. Accordingly, for the 2012-13 school year, Challenge Foundation Academy **met standard** on this Mayor's Performance Framework indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

Not Evaluated. Challenge Foundation Academy did not have school-specific organizational and management performance goals to be evaluated for 2012-13.